COPY

IN THE

Supreme Court of the United States

OCTOBER TERM, 1946.

No. 755

IRA L. McCULLOUGH,

Petitioner,

vs.

KAMMERER CORPORATION, a Corporation, and, BASH-ROSS TOOL COMPANY, a Corporation,

Respondents.

RESPONDENTS' BRIEF.

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RESPONDENTS' BRIEF.

Statement of the Case.

In May, 1944, this Court granted certiorari to the Circuit Court of Appeals for the Ninth Circuit upon the representation by Petitioner herein that these consolidated cases presented a question of restraint of trade and violation of Anti-Monopoly laws.

After full argument of such representation on the merits, this Court filed its *per curiam* opinion in which it found that:

> "Thus the only question for which we granted certiorari is one not properly raised, litigated or passed upon below." (Citing cases.) "The grounds asserted for the allowance of certiorari are inadequately supported by the record, and the writ is therefore dismissed." (323 U. S. 327-8-9.)

After this dismissal Petitioner first moved in the Court of Appeals

> "for a modification of its decree herein, dated October 18, 1943, affirming the District Court in finding the patent in suit valid and infringed, by eliminating from such decree any affirmance of paragraphs VI and VII of the two District Court Interlocutory Judgments [R. 121-122, 126], providing for payment by defendant to plaintiffs of profits and damages for alleged patent infringement, with costs of suit.
>
> "The grounds for this motion are that plaintiffs (appellees here) have used the patent in suit contrary to public policy and in restraint of trade, for which reasons they come into a Court of Equity with 'unclean hands' and are not entitled to an accounting of profits and damages for alleged patent infringement.
>
> * * * * * * * *
>
> "In the alternative, appellant moves for permission to apply to the District Court to reform said Interlocutory Judgments and stay the accounting, or for such other and different relief as may seem proper." [1102.3a]

On March 14, 1945, the Court of Appeals granted Petitioner's alternative motion "that permission be granted him to move in the district court below that such relief be denied appellees." [1166-7.]

Thereafter, Petitioner filed in the District Court his motion

> "for modifications of its Interlocutory Judgments herein, dated June 28, 1941, in finding the patent in suit valid and infringed, by eliminating from each

of such Interlocutory Judgments paragraphs VI and VII thereof [R. 121, 122, 125, 126, providing for accountings of and for payment by defendant to plaintiffs of profits and damages for patent infringement, with costs of suits] for a stay of the accountings, and for Final Judgments providing that the plaintiffs have used the patent in suit contra to the public interest, and that the complaints be dismissed with costs to defendant.

"The grounds for this motion are that plaintiffs have used the patent in suit contrary to the public interest and in restraint of trade, for which reasons they come into a Court of Equity with 'unclean hands' and are not entitled to accountings of profits and damages for patent infringement." [I, 2-4.]

The District Court denied this motion. [I, 15-16.] The record contains a proposed "Supplemental Interlocutory Judgment" [I, 12-15] presented by Petitioner, upon which is found the District Court's Order: "Motion for entry of Supplemental Interlocutory Judgment is denied, as the motion to modify the judgment was denied, the original judgment stands." [I, 15.]

Notwithstanding the denial of Petitioner's motion, in order to comply with his interpretation of the decision of the Court of Appeals in *Matcas v. Fred Harvey* (No. 10783, 146 F. (2d) 989, p. 146), the District Court made Findings of Fact and Conclusions of Law [I, 20-26], although the District Court did "not think it is consistent with the theory of pleadings to require findings in the case of a non-suit * * *." [I, 46.] Not only did the District Court refuse to enter any judgment, or to modify the judgment entered *June 28, 1941*, but clearly indicated

that he made these Findings of Fact and Conclusions of Law only, and under protest, to comply with the intent of this *Mateas v. Fred Harvey* decision of the Court of Appeals of his circuit.

Petitioner did not appeal from a new judgment or decree. In his notices of appeal [I, 31, 34] he stated that he "hereby appeals to the Circuit Court of Appeals for the Ninth Circuit from the Final Order entered in this action on the 5th day of June, 1945." By these notices of appeal, Petitioner recognized the fact that (1) his motion was denied; and (2) that the District Court refused to enter a new decree, or to modify the decrees of *June 28, 1941*. The majority opinion of the Court of Appeals in dismissing the appeals for want of jurisdiction states:

> "Appellant contends that jurisdiction of this court to entertain said appeal is found in §129 of the Judicial Code, as amended, (28 U.S.C.A., §227(a)), which reads:
>
> " 'When in any suit in equity for the infringement of letters patent for inventions, a decree is rendered which is final except for the ordering of an accounting, an appeal may be taken from such decree to the circuit court of appeals: Provided, that such appeal be taken within thirty days from the entry of such decree or from February 28, 1927; and the proceedings upon the accounting in the court below shall not be stayed unless so ordered by that court during the pendency of such appeal.'
>
> "We do not agree. Said section has no application since the order appealed from is not a decree, final or otherwise. A denial of a motion to modify a judgment and a denial of a motion to dismiss a

complaint is not a final decree within §227(a). It is true that an 'order' can be a 'judgment', and it is equally true that it is the court's action which determines the character of its decision. But here the District Court specifically refused to enter a 'supplementary interlocutory judgment'. Its order reads:

"'Motion for entry of Supplemental Interlocutory Judgment is denied, as the motion to modify the judgment was denied, the original judgment stands. L.R.Y.'

"Appellant appealed from the interlocutory judgment of June 28, 1941, under Judicial Code, §129, as amended. No further appeal under this section is open to him because the interlocutory judgment appealed from stands and is still 'final except for the order of an accounting'.

"The order of June 5, 1945, denying the motion to modify the judgment was not a 'final decision' within §128 of the Judicial Code, nor was the order denying the motion to dismiss a final judgment so as to give us jurisdiction of the attempted appeal from said order." [II, 60-62.]

Petitioner sought the grant by this Court of certiorari not only to review this last decision of the Court of Appeals with respect to jurisdiction of that court, but also prayed certiorari to again present the same asserted misuse of the patent in violation of the Anti-Monopoly laws, which this Court in its previous per curiam opinion stated was "inadequately supported by the record".

With the foregoing exceptions, *i. e.*, the permission granted the District Court that it "may entertain a motion or motions, * * * and take such action thereon

as it may determine", and the denial of the court of such motion, including its recorded refusal to enter any new judgment or decree, the record herein stands as it stood when this Court dismissed the first Writ of Certiorari herein.

Petitioner had appealed from the Interlocutory Judgments of June 28, 1941. The Court of Appeals had jurisdiction of such appeals by virtue of Sec. 129 of the Judicial Code. (28 U.S.C.A., Sec. 227, as amended). In taking his appeals therefrom Petitioner did not include in his "Statement of Points" rule 75, R.C.P., sub-division (d), "a concise statement" of any statement or reference whatsoever to the defense or "question of patent misuse", nor did Petitioner therein, as required by Rule 19 of the Court of Appeals of the Ninth Circuit, refer to this alleged question or defense of patent misuse as one of the points upon which Petitioner intended to rely, [R. 732-38]; nor was such question or defense either remotely or inferentially referred to or specified in Plaintiff's Brief on said appeals, in the Specifications of Error of Petitioner's Brief as required by said Rule 19, or stated therein as one of "the questions involved". (Rule 20, sub-division (c) of said Court.) A question which is inherent in the question of jurisdiction under consideration by this Court is: Does the question of patent misuse remain in the case or was it waived and barred by Petitioner's failure to raise and rely thereon in its said statutory appeals? In other words, having waived such defense in its statutory appeals, can Sec. 129 (Sec. 227, as amended) be interpreted to authorize a second appeal to raise a question waived by Petitioner upon his statutory appeal?

Jurisdiction of the United States Circuit Court of Appeals.

"The appellate jurisdiction in the Federal system of procedure is purely statutory. American Constr. Co. v. Jacksonville T. & K. W. R. Co., 148 U. S. 372." (*Heike v. U. S.*, 217 U. S 423) "Congress rarely confers jurisdiction on a court by implication. When it does, the implication, to be effective, must be not only clear but necessary." (*Emlenton Refining Co. v. Chambers,* 14 F. (2d) 104.) The history of Sec. 129 of the Judicial Code excludes any implication that by the Act of February 28, 1927, C. 228, 44 Stat. 1261, Congress intended that the denial of a motion to set aside or amend a decree "which is final except for the ordering of an accounting", which had been made in a patent infringement case and which had been appealed under said Sec. 129, as amended, should constitute an appealable new decree. Congress more than once amended Sec. 129 (Sec. 227) to extend the right of appeal thereunder. Such Section at no time was limited to a decree in a suit in equity for the infringement of Letters Patent for inventions. It was and is applicable to any granting, continuing, modifying, refusing or dissolving an injunction "by an interlocutory *order* or decree", or to the denial of an "*application* to dissolve or modify an injunction", or an interlocutory *order* or decree appointing a receiver, etc. In its original form, as enacted, said Section was adjudged not to grant the right to an appeal from the denial of petitions to vacate and set aside orders appointing a receiver of a railroad, the authorizing of the issuance of receiver's certificates and also praying that the receiver be enjoined and restrained from receiving, taking or managing the railroad, etc.,

(*Fidelity Insurance, Trust & Safe-Deposit Co. v. Dixon*, 78 Fed. 205, C.C.A. 7); it was likewise adjudged that after the expiration of the thirty days from the order granting the injunction, a party could not acquire a new right of appeal by the filing of a motion to dissolve the injunction and an order of the court denying the motion, (*Dreutzer v. Frankfort Land Co.*, 65 Fed. 642, 644, C.C.A. 6; *Baker v. Walter Baker & Co., Ltd.*, 83 Fed. 3, C.C.A. 4; *Gliuski v. U. S.*, 93 Fed. (2d) 418, 419, C.C.A. 7; *Smith v. U. S.*, 52 Fed. (2d) 848, C.C.A. 7).

The history of Sec. 129 and the various extensions of the right of appeal thereunder may be readily ascertained by reference to the following acts: February 18, 1895, C. 96, 28 Stat. 666; June 6, 1900, C. 801, 31 Stat. 660; Apr. 14, 1906, C. 1627, 34 Stat. 116; Mar. 3, 1911, C. 231, Sec. 129, 36 Stat. 1134; Feb. 13, 1925, C. 229, Sec. 1, 43 Stat. 937.

Sec. 129, unlike the amendment thereto by the addition of Sec. 227(a), is not limited to a decree, either final or interlocutory. It applies to any interlocutory order or decree of the kind specified, whereas, the amendment (Sec. 227(a)) makes no reference whatsoever to any order as being appealable. "When in any suit in equity for the infringement of letters patent for inventions, a *decree* is rendered which is final except for the ordering of an accounting, an appeal may be taken from such decree to the Circuit Court of Appeals: Provided, that such appeal be taken within thirty days from the entry of such decree or from February 28, 1927; * * *"

It cannot be said that Congress intended the word "decree", as thus used in this amendment, should be interpreted to include all orders. Congress had been repeatedly called upon to amend Sec. 129 to include both the granting and the denying of many orders.

The amendment (Sec. 227(a)) to Sec. 129 was enacted by Congress to cover a specific situation. (See House Report No. 1890 on House Resolution 11840.) Many patents have expired during the pendency of a suit and prior to the interlocutory decree finding the patent valid and infringed. As no injunction could issue and the decree was interlocutory only, the Defendant was relegated to an appeal after the final decree. See report of Mr. Metcalf from the Committee of Patents to the Senate to accompany Senate Bill 4957, wherein it was pointed out that:

> "If the patent expires before the entry of the decree by the Lower Court so that no injunction is ordered, there can be, under the present statutes, no appeal until after the accounting is completed and a final decree entered. If then on appeal the Court of Appeals determines that the patent is invalid or is not infringed, the whole expense of the accounting is wasted.
>
> "This Bill, which is a duplicate of House Bill 11,840, has been prepared for the purpose of permitting an appeal to be taken immediately in those cases where the patent has expired before the decree is entered in the Trial Court. The Honorable Evan A. Evans, one of the judges of the Circuit Court of Appeals of the 7th Circuit, was interested in this Bill and recommends it. There is no opposition to the Bill anywhere. It has approval of the entire patent bar and of all of the Federal judges."

Judge Rich, in *Brick v. A. I. Namm & Sons, Inc.*, 21 Fed. 179-180, points out that it was Congress' intention to provide an appeal under these particular conditions.

> "Where, however, no question of injunctive relief could be decided because the patent had expired, there was nothing left to be decided but the accounting, and for all practical purposes such decree was final, yet there was no appeal provided for by statute, except and after the accounting had been completed and a final decree thereon entered. Thus, in such cases, although the higher court should subsequently decided that the patent had been invalid, or had not been infringed, nevertheless such question could not be brought before the court until the whole expense of possibly an extensive accounting had been borne and paid for, in such cases unnecessarily. 'No appeal can be taken by a defendant from an interlocutory decree, which directs an accounting of profits and damages, but does not order an injunction.' Walker on Patents (5th Ed. 1923), Sec. 644a, p. 720; Lederer v. Garage Co., *supra*.
>
> "This difficulty has now been overcome by this new law, and an appeal has now been provided, in order to avoid in a proper case this unnecessary expense of an accounting, where no injunctive relief is or can be granted. The accounting may be stayed."

To hold that the District Court's denial of Petitioner's motion (1) to enter a new interlocutory decree, or (2) amend the interlocutory decrees of June 28, 1941, or (3) to dismiss the cases, constituted a final decree, under the amendment (Sec. 227(a)) to Sec. 129, "would render the Act under consideration inconsistent with this long-established object and policy. More than this, it would

defeat the very object for which the Act was passed." (*McLish v. Roff*, 141 U. S. 661.)

Such "established object and policy" was, as stated in the decision just referred to, "to save the expense and delays of repeated appeals in the same suit, and to have the whole case and every matter in controversy in it decided by a single appeal." The "difficulty" pointed out by Mr. Metcalf and Judge Inch was overcome by Congress providing a right of appeal, if exercised within thirty days. Such right of appeal was exhausted by the first appeals taken by Petitioner from said Interlocutory Decrees. The fact that Petitioner did not raise as a ground of appeal its present contention of patent misuse and violation of the Anti-Monopoly laws cannot justify a second appeal from the same Interlocutory Decrees. The amendment (Sec. 227(a) to Sec. 129) contains nothing granting Petitioner a second right of appeal; it is limited to a single right to be exercised within thirty days. In its per curiam opinion dismissing the previous certiorari in these cases, this Court pointed out that Petitioner's Amended Answer "made no mention of the restrictions contained in the license agreement * * *. On appeal to the Circuit Court of Appeals Petitioner assigned no error with reference to them and the Circuit Court of Appeals did not consider them * * *. * * * The grounds asserted for the allowance of certiorari are inadequately supported by the record. * * *." (323 U. S. 328-9.)

It was early established by this Court that no appeal lies from the refusal of the Court below to open a former decree. (*Brockett v. Brockett*, 2 Howard 228; *McMicken v. Perin*, 18 Howard 507); that the granting or refusal, absolute or conditional, of a rehearing in

equity as of a new trial at law, rests in the discretion of the Court in which the case has been heard or tried, and is not a subject of appeal. An appeal will not lie from a refusal to open a prior decree and grant a rehearing; nor from a refusal to open a judgment. (*Willis v. Davis*, 184 Fed. 889, C.C.A. 6).

The dissenting opinion of Judge Denman [II, 63-65] is predicated upon the statement therein that:

> "The district court entertained a motion for the decision of that dominant issue and its adverse decision adjudicated it finally, except for an accounting. Its order was a final decision, except for an accounting. There was nothing else for the lower court to do.
>
> "I dissent from the holding that the denial of that motion is not a final decision on the dominant issue because it was presented in such a motion. This is a clear case of obscuring in the form the essence of what, under our order, the lower court undertook and did." [II, 64; 156 Fed. (2d) at 346.]

It is to be noted that Judge Denman ignores the fact that the amendment (Sec. 227(a)) makes no reference whatsoever to a "decision" or a "final decision". This amendment grants a right of appeal only from a "decree" which is final except for the ordering of an accounting. In 1941, the District Court entered such decrees in these cases. On July 11, 1941, Petitioner filed his Notices of Appeal therefrom. These appeals were determined adversely to Petitioner, the Court of Appeals affirming such decrees. The right of Petitioner to appeal from the order of the District Court denying Petitioner's motion to vacate these decrees, etc., is not determined by the mere

form of the proceeding. The question to be determined is what right of appeal has Congress provided. Whether upon appeal from the final decrees in these cases, Petitioner may still raise this purported defense is not before this Court at this time. As said in the majority opinion of the Court of Appeals [II, 61; 156 Fed. (2d) 345]: "* * * the order appealed from is not a decree, final or otherwise. A denial of a motion to modify a judgment and a denial of a motion to dismiss a complaint is not a final decree within §227(a)." It was not the purpose or intent of Congress to abrogate this rule or decision. It provided for an immediate appeal (within thirty days) from such a decree. It did not provide in such amendment (Sec. 227(a)), as was provided in original Sec. 227 (Sec. 129, Judicial Code), an appeal from an order granting or denying, dissolving, etc.

The right of appeal granted by Sec. 227(a) does not depend upon any dominant issue. Congress' purpose and intent by such enactment created an exception to its long-established policy that all litigable questions arising in a case should be disposed of in a single appeal. By such amendatory statute (Sec. 227(a)), and for the sole purpose hereinbefore stated, an appeal in patent infringement cases was provided from "a decree which is final except for the ordering of an accounting," "* * * provided such appeal be taken within thirty days from the entry of such decree * * *" In construing such statute, it would be no more correct to interpolate therein a dominant issue respecting patent misuse or Anti-Monopoly law violation than to interpolate any other defense. This Court denied Petitioner's Petition for Certiorari to review the second question presented in the Petition (Pet. p. 2),

i. e.—whether Respondents herein had illegally misused the patent so as to bar an accounting in this suit. Respondents' patent expired prior to this Court's dismissal of the first Writ of Certiorari herein. This defense or issue had not been properly raised, litigated or passed upon by the District Court or the Court of Appeals; and the grounds for the allowance of certiorari were not adequately supported by the record. The Court of Appeals after hearing full argument of Petitioner's Motion for modification of its decree, etc. [1102-04], merely granted Petitioner's alternative motion to relieve the District Court from the binding effects of its mandate, and permitted the District Court at its discretion to hear the motion. Petitioner did not move in the District Court to amend its Answer,* did not move for a new trial or rehearing, declined to introduce any evidence in an attempt to show that any restraint resultant from the restrictions contained in the license agreement unreasonably suppressed competition. The case as presented to the Court of Appeals contained nothing new in the record except Petitioner's motion addressed to the discretion of the District Court, the District Court's denial thereof and the Findings of Fact and Conclusions of Law made by the District Court to comply with the *Mateas v. Fred Harvey* decision if the Court of Appeals determined it was applicable. Upon this record, Respondents urge that this Court's dismissal of the first Writ of Certiorari ended the case, except for the accountings ordered by the original interlocutory decrees. The mandate of this Court re-

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*After the District Court had orally denied petitioner's motion, petitioner orally moved for permission to amend its answer, I-50.

manded the cause without direction to the lower court. There was no need of such direction. The interlocutory decrees stood affirmed. The only thing left was the accounting.

The record in this case does not establish the dominant issue referred to by Judge Denman. There has been no litigation of such issue. In *United States v. Addyston Pipe & Steel Co.*, 85 Fed. 271, C.C.A. 6, the then Circuit Judge (later Chief Justice) Taft rendered an opinion oft referred to as a classical statement of the law with reference to covenants in partial restraint of trade, saying:

> "For the reasons given, then, covenants in partial restraint of trade are generally upheld as valid when they are agreements (1) by the seller of property or business not to compete with the buyer in such a way as to derogate from the value of the property or business sold; (2) by a retiring partner not to compete with the firm; (3) by a partner pending the partnership not to do anything to interfere, by competition or otherwise, with the business of the firm; (4) by the buyer of property not to use the same in competition with the business retained by the seller; and (5) by an assistant, servant, or agent not to compete with his master or employer after the expiration of his time of service. Before such agreements are upheld, however, the court must find that the restraints attempted thereby are reasonably necessary (1, 2, and 3) to the enjoyment by the buyer of the property, good will, or interest in the partnership bought; or (4) to the legitimate ends of the existing partnership; or (5) to the prevention of possible injury to the business of the seller from use by the buyer of the thing sold; or (6) to protection from the danger of loss to the employer's business

caused by the unjust use on the part of the employe of the confidential knowledge acquired in such business."

In the absence of any proof that any restriction contained in the license agreement has unduly or unreasonably restricted competition, the so-referred-to dominant issue vanishes. Respondents submit that this Court by its dismissal of the first Petition for Certiorari intended to put this case at an end.

If, however, in order to determine the jurisdictional question involved herein, this Court should desire to go further into what the record establishes with reference to disproving Petitioner's contention that Respondents have illegally used their patent or violated the Anti-Monopoly laws, the Findings of Fact and Conclusions of Law made and stated by the District Court [I, 20-26] clearly set forth the facts. The record herein is absolutely bare of any facts respecting any effect on the public of the challenged provisions of the license agreement.

Petitioner's Brief herein (p. 7) refers to a collateral motion. [VII, 1170-01.] This motion was that the Court of Appeals recall its mandate and decide the question of patent misuse set forth in appeal No. 11,122. In Petitioner's Brief accompanying this motion, Petitioner urged: "The procedure which this Court apparently intended to follow as manifested in its opinion of March 14, 1945 (148 F. (2d) 525) was to hold the appeal open until the

question of patent misuse could first be determined by the District Court." [VII, 1171.]

The decree of the Court of Appeals [R. VII, pp. 1168-9] contains no words reserving jurisdiction of the case. Respondents' attorney wired the Court of Appeals agreeing to submission of this motion without argument, stating:

> "* * * Will you please advise the Court that my position on motion is that if the Court intended by its original order to reserve jurisdiction on former appeal to review District Court decision on alleged patent misuse defense then Appellee has no objection to court so holding. However, in absence of any indic(a)tion in original order to that effect, I am of the opinion that Court has now no power to entertain motion to recall mandate. (Citing cases.) * * *" [R. VII, p. 1176.]

Thus the significance is clear that the Court of Appeals' order denying such motion is based upon its construction of its decree [R. VII, pp. 1168-9] that it did not intend to reserve jurisdiction on the case so that it "might review the decision of the District Court in that respect" (alleged patent misuse defense) as asserted by Petitioner [R. VII, pp. 1170-1]; that it was not the intention of the Court of Appeals to "hold open the appeal until the patent misuse could be first determined by the District Court" [R. VII, p. 1171]; and that the Court of Appeals did not order the "reopening of the case" (Pet. p. 7).

Conclusion.

It is respectfully submitted that the decision of the Court of Appeals dismissing for want of jurisdiction Petitioner's appeals from the District Court's order of June 5, 1945, should be affirmed.

Respectfully submitted,

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SUPREME COURT OF THE UNITED STATES

No. 755.—October Term, 1946.

Ira J. McCullough, Petitioner, *v.* Kammerer Corporation and Baash-Ross Tool Company.	On Writ of Certiorari to the United States Circuit Court of Appeals for the Ninth Circuit.

[April 28, 1947.]

Mr. Justice Black delivered the opinion of the Court.

In an earlier phase of this patent infringement suit a patent owned by respondent Kammerer was held valid and infringed by the petitioner. An accounting for profits and damages was ordered. 39 F. Supp. 213. The Circuit Court of Appeals affirmed. 138 F. 2d 482. We granted certiorari to consider whether a license agreement between respondents Kammerer and Baash-Ross contained restrictions which were contrary to public policy and unlawful so as to bar recovery against petitioner. On oral argument of the case here it developed that no findings of fact had been made by the District Court on this issue, nor had the question been presented to or passed on by the Circuit Court of Appeals. We therefore dismissed the writ of certiorari. 323 U. S. 327.

On remand, the Circuit Court of Appeals did not disturb its original affirmance of the District Court's holding that the patent was valid and infringed. But on motion of the petitioner, the court amended its judgment of affirmance so as to authorize the District Court to "entertain a motion or motions . . . to modify or set aside its order or orders for . . . damages and accountings thereof, and take such action as it may determine" concerning pe-

titioner's contention that respondents' unlawful use of the patent should bar all recovery for infringement. 148 F. 2d 525, 526. Thereafter the petitioner presented a motion to the District Court in which he alleged respondents had, contrary to the public interest, used the patent to restrain trade, fix prices, and suppress competition. Relying on these allegations, petitioner asked the Court to stay the accounting and to render a final judgment dismissing the complaint on the ground that respondents had illegally misused the patent. Without introducing further evidence both parties submitted the motion to the District Court on facts already in the record. After an argument, the Court made extensive findings of fact against petitioner, concluded that his defense had not been established, and entered an order denying his motion to stay the accounting and to enter a final judgment dismissing the complaint. The Circuit Court of Appeals dismissed petitioner's appeal from the District Court's disposition of his motion on the ground that the District Court's order was "not a decree, final or otherwise." 156 F. 2d 343, 345. We hold that the appeal was erroneously dismissed.

The Act of February 28, 1927, 44 Stat. 1261, 28 U. S. C. § 227a, provides that "when in any suit in equity for the infringement of letters patent for inventions, a decree is rendered which is final except for the ordering of an accounting, an appeal may be taken from such decree to the circuit court of appeals. . . ." The object of this 1927 amendment to § 129 of the Judicial Code was to make sure that parties could take appeals in patent equity infringement suits without being compelled to await a final accounting. The reports of the Congressional committees on the measure called attention to the large expenses frequently involved in such accountings and the losses incurred where recoveries were ultimately denied

by reversal of decrees on the merits.[1] And see *Brick* v. *A. I. Namm & Sons, Inc.*, 21 F. 2d 179. It was for this reason that Congress authorized departure in this type of case from the usual practice under which appeals are not allowed until rendition of a final judgment which disposes of all phases of a controversy. See *Catlin* v. *United States*, 324 U. S. 229, 233.

Nor do the unusual circumstances under which this order was rendered make it any the less appealable. Whether or not the District Court would have had authority on its own motion to reopen the proceedings to consider the alleged misuse of the patent, see *Marconi Wireless Telegraph Co.* v. *United States*, 320 U. S. 1, 47–48, it was proper for it to do so after the Circuit Court of Appeals amended its judgment as it did. After reopening the

[1] The House Committee on Patents expressed the belief that the legislation "is needed to prevent a great burden of expense to litigants in actions to determine the validity of patents, where an accounting is involved. . . . Under present procedure appeals may be taken from the interlocutory decree upholding the patent but not until a full accounting has been made to the court. Under this bill such appeal can be taken from such interlocutory decree . . . so as to obviate the cost of an accounting in the event the case is reversed on appeal." H. R. Rep. No. 1890, 69th Cong., 2d Sess. 1 (1927).

The Senate Committee emphasized the same expense incident to conducting an accounting before the merits had been determined on appeal. It apparently went on the assumption that § 129 already authorized appeals prior to accounting from an injunction against infringement. It wanted to permit an appeal prior to accounting whether there was an effective injunction outstanding or not, even though a patent had expired making inappropriate an injunction against its continued violation. Sen. Rep. No. 1319, 69th Cong., 2d Sess. 1 (1927).

This case presents the precise situation which the Senate Committee thought the Act was designed to avoid in that it happens here that the patent has expired. But both reports indicate that the purpose of the Act was to permit appeals whenever everything but an accounting had been accomplished.

case, the District Court gave full consideration to the question presented by the motion and decided it upon the merits. See *Bowman* v. *Loperena*, 311 U. S. 262. There was then nothing that remained to be done except to conduct an accounting. Therefore, the resulting order falls squarely within § 129 as amended. The fact that the Court designated its action as an "order" rather than a "decree" is not of crucial significance. See Rule 54, Rules of Civil Procedure.[2] For though called an "order," its binding effect in disposing of the question before it is the same as though it had been entitled a "decree." Nor is the order rendered non-appealable because one appeal had already been taken, any more than it would have been had the first decree been reversed *in toto* and this order entered after the reversal. Since the order denying petitioner's motion for a judgment of dismissal of respondents' claim is, within the meaning of § 129, "final except for the ordering of an accounting," it is appealable.

Reversed.

[2] "'Judgment' as used in these rules includes a decree and any order from which an appeal lies." Rule 54, F. R. C. P.